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Justice Department Urges Major Restructuring of IBM

IBM, From A1
matched power, the department said.

A 1970 General Electric document cited in the department brief said, "If our studies have any validity, they suggest that no one dwarf can make more than a temporary, highly selective impact in this industry. In the absence of now unanticipated severe constraints on

IBM, any competitor over time will exist at the tolerance of this dominant company." In 1970, when General Electric quit the computer field by selling out to Honeywell, "GE had lost between \$125 and \$150 million from its computer operations," the department said. RCA internal documents also reveal concern about

IBM's power. "To attack IBM head-on amounts to attacking a well-led army with a commando company in an open field," an RCA executive said in a memo in July, 1971. In December, 1970, RCA general counsel Robert Werner complained to his counterpart at IBM, Nicholas deB. Katzenbach, the former Attorney General, that IBM's an-

nouncement and pricing for its 370/145 system was an apparent attempt to forestall competition from the RCA 6. Katzenbach replied that the charge puzzled him and Werner said that probably arose from a failure to distinguish between "honest" competition and "discriminatory" competitive action by a dominant company. . . . Katzenbach denied the charge and, the department acknowledged, "There is some support for the view that the pricing and announcement of the 370/145 was not aimed at RCA. What is significant, however, is that RCA's chief legal

officer reached the conclusion that IBM was a monopolist acting in violation of the antitrust laws to handicap RCA." The department used IBM's own documents to show that the company's attorneys and top management "recognized that, IBM's own figures on monopoly shares evidenced IBM's monopoly position and that these admissions had to be stopped."

By computing the company's market share on the basis of "lease only" business, IBM was able to tell the Justice Department in early 1969 that its share of installed systems was only 48.7 per cent, the department said. Several months later, the share as measured by the old statistical method was shown to be 71.2 per cent, the department said.

Guardsmen Describe

Justice Urges Break-Up of IBM

By Morton Mintz
Washington Post Staff Writer

The Justice Department said yesterday that only a major restructuring of IBM will break its "monopoly power" and bring true competition to the multibillion-dollar computer industry.

The company said the department was presenting "only its side."

The government urged the breakup of IBM in a 33-page pretrial brief filed with U.S. District Court Chief Judge David N. Edelstein in New York City.

The IBM case promises to be the biggest anti-monopoly trial in the 84-year history of the Sherman Antitrust Act. The proceeding will take place after almost six years of legal skirmishing.

According to the Antitrust Division brief, the trial "can be expected to be a long one . . . in part because IBM's power base in the relevant